SCHEDULE K (Form 1120-DISC)

Shareholder's Statement of DISC Distribution—1976
For calendar year 1976 or other taxable year

COPY A

Department of the Treasury

beginning, 1976, ending, 19.....

internal Kevenue	Service	(Complete f	or each shareholder—S	See instructions on back of Copy C)	
Part I	Taxable	Distributions			· · · · · · · · · · · · · · · · · · ·
1 Deemed	distribution	s: (a) Under section 9	995(b)(1)		
			ent under section 99	5(b)(2)	
		(c) Total of lines 1			
2 Actual tax	rable distr	• •	(a) and 1(b)		
			nd line 2 (Enter here	and report in Section A or B below)	
		ials, Partnerships, Tr		Section B.—Corporations	
4 Portion of	f line 3 ab	ove:		5 Portion of line 3 above:	T
	ed to the section 1	e dividend exclusion 16		(a) Entitled to the dividends-received deduction under section 243	
(b) Not e		he dividend exclusion .		(b) Not entitled to the dividends-re- ceived deduction	
Part II	Nontaxa	ble Distributions			
1 Actual dis	tributions	out of previously taxed	d income (section 99	96(f)(2))	
2 Other act	ual nontax	able distributions			
3 Total non	taxable dis	tributions—Add lines 1	l and 2		
Part III	Other [istributions			
1 Accumula	ted DISC i	ncome attributable to s	stock sold during the	year	
Name, identify	ying number	, and address (including ZI	P code) of shareholder	Name, employer identification number, and addre	ess (including ZIP code)
				of DISC or former DISC	
				<u> </u>	
	1	Obasskaldas	Jo Otatamant o	f DICO Biotolbution 1070	l
				f DISC Distribution—1976	COPY A
			For calendar year 197	6 or other taxable year	COPY A File with
(Form 1120 Department of the)—DISC) Treasury	beginning	For calendar year 197	6 or other taxable year , ending 19	
(Form 1120 Department of the Internal Revenue)—DISC) Treasury Service	beginning (Complete fo	For calendar year 197	6 or other taxable year	File with
(Form 1120 Department of the)—DISC) Treasury Service	beginning	For calendar year 197	6 or other taxable year , ending 19	File with
(Form 1120 Department of the Internal Revenue	D-DISC) Treasury Service Taxable	beginning (Complete fo	For calendar year 197 , 1976 or each shareholder—S	6 or other taxable year , ending 19	File with
(Form 1120 Department of the Internal Revenue	D-DISC) Treasury Service Taxable	beginning (Complete for Distributions s: (a) Under section S	For calendar year 197 , 1976 or each shareholder—S	6 or other taxable year , ending, 19 See instructions on back of Copy C)	File with
(Form 1120 Department of the Internal Revenue	D-DISC) Treasury Service Taxable	beginning (Complete for Distributions s: (a) Under section S (b) Annual installm	For calendar year 1976, 1976 or each shareholder—S 995(b)(1) ent under section 999	6 or other taxable year , ending, 19 See instructions on back of Copy C)	File with
(Form 1120) Department of the Internal Revenue Part I Deemed (O-DISC) Treasury Service Taxable distribution	beginning	For calendar year 1976, 1976 or each shareholder—S 995(b)(1) ent under section 999	6 or other taxable year , ending, 19 See instructions on back of Copy C)	File with
Part I Deemed of the	D-DISC) Treasury Service Taxable distribution (able distri	beginning (Complete for Distributions) s: (a) Under section 9 (b) Annual installm (c) Total of lines 10 butions	For calendar year 197	6 or other taxable year , ending, 19 See instructions on back of Copy C)	File with
Part I Deemed of Actual taxa	D-DISC) Treasury Service Taxable distribution (able distrible distrible	beginning (Complete for Distributions) s: (a) Under section 9 (b) Annual installm (c) Total of lines 10 butions	For calendar year 197	6 or other taxable year , ending	File with
Part I Deemed of Actual taxa Section A 4 Portion of	D-DISC) Treasury Service Taxable distribution cable distrible distribution Individu	beginning	For calendar year 197	6 or other taxable year , ending	File with
Part I Deemed of Actual taxa Section A.— 4 Portion of (a) Entitle	D-DISC) Treasury Service Taxable distribution cable distrible distribution Individu	beginning	For calendar year 197	6 or other taxable year 7, ending	File with
Part I Deemed of Actual taxa Section A.— 4 Portion of (a) Entitle	Taxable distribution cable distrible distribution liber distribution able distribution liber distribution able distribution liber distribution liber distribution able distribution liber distribution able distribution liber distribution able distrib	beginning	For calendar year 197	6 or other taxable year 7, ending	File with
Part I Deemed of Actual taxa Section A.— 4 Portion of (a) Entitle under	D-DISC) Treasury Service Taxable distribution cable distrible distribution location file 3 ab ed to the section 1	beginning	For calendar year 197	6 or other taxable year 7, ending	File with
Part I Deemed of the Actual taxa Section A 4 Portion of (a) Entitle under	Taxable distribution cable distrible distribution liberary ble distribution cable d	beginning	For calendar year 197	6 or other taxable year 7, ending	File with
Part I Deemed of the Actual taxa Total taxa Section A.— Portion of (a) Entitle under (b) Not e	Teasury Service Taxable distribution cable distribution line 3 able distribution Individuation Intitled to the Nontaxa	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2)	File with
Part I Deemed of the niternal Revenue Part I Deemed of the niternal Revenue 2 Actual taxa 3 Total taxa Section A.— 4 Portion of (a) Entitle under (b) Not e Part II I Actual dis	Treasury Service Taxable distribution kable distribution local distribution cable distribution local distribution able distribution line 3 able distribution local to the section 1. ntitled to t Nontaxa stributions	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2)	File with
Part I Deemed of the Actual taxa Section A.— Portion of (a) Entitle under (b) Not e Part II Actual dis Other actual dis	Treasury Service Taxable distribution kable distributed distributed to the section 1: ntitled to t Nontaxa tributions ual nontax	beginning	For calendar year 197	see instructions on back of Copy C) see instructions on back of Copy C) solution in Section A or B below) section B.—Corporations 5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction in Section 243 (b) Not entitled to the dividends-received deduction in Section 243 (c) Not entitled to the dividends-received deduction in Section 243 (d) Not entitled to the dividends-received deduction in Section 243	File with
Part I Deemed of the noternal Revenue Part I Deemed of the noternal Revenue 2 Actual taxa 3 Total taxa Section A.— 4 Portion of (a) Entitle under (b) Not e Part II Actual dis 2 Other actual Total none	Taxable distribution kable distribution cable distribution location 1 ntitled to t Nontaxa ctributions ual nontax taxable distributions	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2)	File with
Part I Deemed (a) Entitle Under (b) Not e Part II Actual dis Other actual non Part III	Taxable distribution kable distribution cable distribution location and the distribution cable distribution cable distribution cable distribution cable distribution location 1 ntitled to t Nontaxa tributions ual nontax taxable dis Other E	beginning	For calendar year 197	see instructions on back of Copy C) See instructions on back of Copy C) and report in Section A or B below) Section B.—Corporations 5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction	File with Form 1120-DISC
Part II Actual dis Part II Actual dis Part II Actual dis Construction Accumulation	Taxable distribution kable distribution kable distribution line 3 able distribution mittled to the section 1: mittled to t Nontaxa tributions ual nontax taxable distributions ual nontax taxable distributions ual nontax	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2)	File with Form 1120-DISC
2 Actual taxa 3 Total taxa Section A.— 4 Portion of (a) Entitle under (b) Not e Part II 1 Actual dis 2 Other actual 3 Total non Part III 1 Accumula	Taxable distribution kable distribution kable distribution line 3 able distribution mittled to the section 1: mittled to t Nontaxa tributions ual nontax taxable distributions ual nontax taxable distributions ual nontax	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2) and report in Section A or B below) Section B.—Corporations 5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction	File with Form 1120-DISC
Part I Deemed of the Internal Revenue Part I Deemed of Total taxa Section A.— Portion of (a) Entitle under (b) Not e Part II Actual dis Other actual Total non- Part III Accumula	Taxable distribution kable distribution kable distribution line 3 able distribution mittled to the section 1: mittled to t Nontaxa tributions ual nontax taxable distributions ual nontax taxable distributions ual nontax	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2)	File with Form 1120-DISC
Part I Deemed of the Internal Revenue Part I Deemed of Total taxa Section A.— Portion of (a) Entitle under (b) Not e Part II Actual dis Other actual Total non- Part III Accumula	Taxable distribution kable distribution kable distribution line 3 able distribution mittled to the section 1: mittled to t Nontaxa tributions ual nontax taxable distributions ual nontax taxable distributions ual nontax	beginning	For calendar year 197	see instructions on back of Copy C) 5(b)(2) and report in Section A or B below) Section B.—Corporations 5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction	File with Form 1120-DISC

SCHEDULE K (Form 1120-DISC)

Shareholder's Statement of DISC Distribution—1976
For calendar year 1976 or other taxable year

COPY B

beginning, 1976	, ending, 19	For Shareholder
Distributions		
(b) Annual installment under section 99	95(b)(2)	
outions—Add line 1(c) and line 2		
pove: e dividend exclusion	5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243	
he dividend exclusion .	ceived deduction	
ble Distributions		
able distributions		
ncome attributable to stock sold during the	year	
, and address (including ZIP code) of shareholder	Name, employer identification number, and addre of DISC or former DISC	ss (including ZIP code)
	e Distributions ns: (a) Under section 995(b)(1) (b) Annual installment under section 99 (c) Total of lines 1(a) and 1(b) ibutions	this: (a) Under section 995(b)(1) (b) Annual installment under section 995(b)(2) (c) Total of lines 1(a) and 1(b) (d) Total of lines 1(c) and line 2 (d) Installment under section 995(b)(2) (e) Total of lines 1(a) and 1(b) (f) Installment under section 995(b)(2) (g) Total of lines 1(a) and 1(b) (g) Total of lines 1(c) and line 2 (g) Entitled to the dividends-received deduction under section 243 (g) Entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 996(f)(2)) (g) Entitled to the dividends-received deduction under section 243 (g) Entitled to the dividends-received deduction under section 243 (g) Entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (g) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under section 243 (h) Not entitled to the dividends-received deduction under secti

SCHEDULE K (Form 1120–DISC)		of DISC Distribution—1976 976 or other taxable year COPY B
Department of the Treasury Internal Revenue Service	beginning, 19	76, ending 19 For Shareholder
Part I Taxable	Distributions	
1 Deemed distribution	s: (a) Under section 995(b)(1)	
	(b) Annual installment under section	995(b)(2)
	(c) Total of lines 1(a) and 1(b)	
2 Actual taxable distr	ibutions	
3 Total taxable distrib	utions—Add line 1(c) and line 2	
Section A.—Individu	uals, Partnerships, Trusts, and Estate	Section B.—Corporations
	ove: dividend exclusion	5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243
	ne dividend exclusion .	(b) Not entitled to the dividends-received deduction
Part II Nontaxa	ble Distributions	
1 Actual distributions	out of previously taxed income (section	996(f)(2))
2 Other actual nontax	able distributions	
3 Total nontaxable dis	tributions—Add lines 1 and 2	
Part III Other I	Distributions	
1 Accumulated DISC i	ncome attributable to stock sold during the	ne year
	and address (including ZIP code) of shareholde	

Instructions For Shareholder

(References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120–DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. Retain it for your records and do not file it with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part 1 in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

Instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

F. EFFECT OF ACQUISITION OF STOCK IN A DISC.—If you acquired stock in a DISC or

acquired stock from a shareholder described in instruction E, you may be able to treat some portion of the distribution on line 1(a) and/or line 1(b) of Part I as a nontaxable distribution of previously taxed income under section 996(d).

G. EFFECT OF THE RECEIPT OF NONTAX-ABLE DISTRIBUTIONS.—In general, (1) distributions of previously taxed income and (2) distributions out of other than previously taxed income, accumulated DISC income, and other earnings and profits are not taxable.

Actual distributions out of previously taxed income (line 1 of Part II).—Distributions out of previously taxed income are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

If stock in a DISC is included in the gross estate of a decedent for which an election is made under section 2032, see section 1014(d) and section 1.1014-1(b) of the regulations.

Other actual nontaxable distributions (line 2 of Part II).—Distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

Instructions For Shareholder

(References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120–DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. Retain it for your records and do not file it with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part I in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

F. EFFECT OF ACQUISITION OF STOCK IN A DISC.—If you acquired stock in a DISC or

acquired stock from a shareholder described in instruction E, you may be able to treat some portion of the distribution on line 1(a) and/or line 1(b) of Part I as a nontaxable distribution of previously taxed income under section 996(d).

G. EFFECT OF THE RECEIPT OF NONTAX-ABLE DISTRIBUTIONS.—In general, (1) distributions of previously taxed income and (2) distributions out of other than previously taxed income, accumulated DISC income, and other earnings and profits are not taxable.

Actual distributions out of previously taxed income (line 1 of Part II).—Distributions out of previously taxed income are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

If stock in a DISC is included in the gross estate of a decedent for which an election is made under section 2032, see section 1014(d) and section 1.1014-1(b) of the regulations.

Other actual nontaxable distributions (line 2 of Part II).—Distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

SCHE	DULE	K
(Form	1120	-DISC)

Shareholder's Statement of DISC Distribution—1976

(Form 1120-DISC)	For calendar year 197	6 or other taxable year	COPT C
Department of the Treasury Internal Revenue Service	beginning, 1976	For DISC	
Part I Taxable	e Distributions		
1 Deemed distribution	ns: (a) Under section 995(b)(1) (b) Annual installment under section 99	95(b)(2)	
	(c) Total of lines 1(a) and 1(b)		
4 Portion of line 3 a (a) Entitled to the		5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243	
(b) Not entitled to	the dividend exclusion .	(b) Not entitled to the dividends-received deduction	
Part II Nontax	able Distributions		
2 Other actual nonta 3 Total nontaxable d	xable distributions	06(f)(2))	
		year	
	er, and address (including ZIP code) of shareholder	Name, employer identification number, and address of DISC or former DISC	

SCHEDULE K (Form 1120—DISC) Department of the Treasury Internal Revenue Service	_	6 or other taxable year , ending 19 19	COPY C For DISC
Part I Taxable	Distributions		
1 Deemed distributions			
3 Total taxable distribu	outions		
4 Portion of line 3 abo (a) Entitled to the under section 11		5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243 (b) Not entitled to the dividends-received deduction	
Part II Nontaxal	ole Distributions		
2 Other actual nontaxa	ble distributions	96(f)(2))	
		year	
Name, identifying number,	and address (including ZIP code) of shareholder	Name, employer identification number, and addres of DISC or former DISC	s (including ZIP code)

Instructions for DISC or Former DISC (References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120—DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120—DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxable year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099—DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995 (b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part III, Schedule J, Form 1120–DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the share-holder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).
- C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the shareholder's portion of actual distributions out of previously taxed income. The total of this line for all share-

☆ U.S. GOVERNMENT PRINTING OFFICE: 1977-O-218-106

holders should equal the total reported on line 4(a), Part IV, Schedule J. Form 1120—DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part IV, Schedule J, Form 1120–DISC.

D. SPECIFIC INSTRUCTIONS FOR PART III (OTHER DISTRIBUTIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.

Instructions for DISC or Former DISC (References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120—DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120—DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxabie year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099—DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995 (b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part III, Schedule J, Form 1120–DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the share-holder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).
- C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the share-holder's portion of actual distributions out of previously taxed income. The total of this line for all share-

holders should equal the total reported on line 4(a), Part IV, Schedule J, Form 1120-DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part IV, Schedule J, Form 1120-DISC.

D. SPECIFIC INSTRUCTIONS FOR PART III (OTHER DISTRIBU-TIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.